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K-12 EDUCATION and COMMISSION ON TEACHER CREDENTIALING AGENDA

May 20, 2004
1:30 p.m. – Room 113

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A. Commission on Teacher Credentialing

Item	Issue	Description	Staff Recommendation	BBL/TB
6360-001-0407	<i>May Revision Finance Letter: Restoration of Staff to Address Credentials Backlog (Issue 192)</i>	May Revision increases state operations funding by \$200,000 and 2.0 positions to assist CTC in addressing a credential processing backlog. Insert.	Staff recommends restoration of 4.0 positions and \$400,000 in the CAW Division.	Add provisional language to conform.
6360-001-0407	<i>May Revision Finance Letter: Reimbursement Authority for Anticipated Revenue from Accreditation Fees (Issue 193)</i>	May Revision decreases expenditures in this item and increases expenditure authority by \$200,000 to accommodate anticipated revenues from charging UC, CSU, and private colleges for the costs of program accreditation.	Deny May Revision	TB?
6360-001-0407	<i>May Revision Finance Letter: Provide Carryover Authority for Cultural Competency Study (Issue 192)</i>	May Revision increases state operations reimbursement authority by \$42,000 to allow for carryover of funding provided in the Budget Act of 2003 for the cultural competency study required by Chapter 817; Statutes of 2003.	Approve May Revision.	

A. Commission on Teacher Credentialing - continued

Item	Issue	Description	Staff Recommendation	BBL/TB
6360-001-0407	<i>May Revision Finance Letter: Provide Carryover Authority of TCSIP Funding (Issue 202)</i>	May Revision provides carryover authority of \$120,000 for Teacher Service Improvement Project (TCSIP) funding to allow CTC to contract for intensive training in Siebel to ensure their ability to maintain and service this new information technology system once the project is complete.	Approve May Revision.	Add provisional language making expenditure of funding contingent upon DOF approval of an expenditure plan.
6360-101-0001	<i>Governor's Budget: Elimination of funding for Pre-Internship Teaching Program.</i>	The Governor's Budget proposes to eliminate \$10,387,000 in funding for the Pre-Internship Teaching Program in 2004-05. Pre-Internship teachers do not meet the definition of "highly qualified" teacher under the NCLB, which becomes effective at the end of 2005-06. There are currently 1,750 first year teachers who need a second year of the program and who are not eligible for the Intern Program.	Revise Governor's Budget and restore \$3.5 million to continue program for 1,750 second year teachers one more year.	

B. Governor's Education Agreement -- PERS & UI Increases

Item	Issue	Description	Staff Recommendation	BBL/TB
Non-Budget Item	<i>Governor's Budget: PERS Offset Funding for LEAs</i>	Governor's Budget provides an augmentation of \$106 million to cover an offset adjustment for PERS funding for classified employees. Recent reductions to the PERS rate are estimated to free-up \$140.7 million for school districts and county offices of education. This results in a net reduction of approximately \$35 million in 2004-05, instead of an increase of \$106.0 million as estimated in the Governor's January Budget.	<u>Adopt Governor's Budget with changes to reflect the most recent changes in the PERS rate.</u>	
Non-Budget Item	<i>Governor's Budget: Unemployment Insurance Funding for LEAs</i>	Governor's Budget provides \$136 million augmentation to cover Unemployment Insurance increases for LEAs.	Approve Governor's Budget.	

C. Other PERS Issues in the Governor's Budget

Item	Issue	Description	Staff Recommendation	BBL/TB
Non-Budget Item	<i>Governor's Budget:</i>	Governor's Budget provides \$36 million to mitigate the PERS offset for school districts and county offices of education.	Approve Governor's Budget.	
Budget Trailer Bill	<i>Governor's Budget: Language to Cap the PERS Offset</i>	Governor proposes budget trailer bill language to cap the state's liability for the PERS offset at 13.02 percent.	Deny Governor's	
Budget Trailer Bill	<i>Governor's Budget: Language to Correct Reference Disallowing Avoidance of PERS Offset for JPS's</i>	Governor proposes budget trailer bill language to clarify existing law to assure that the PERS offset covers Joint Powers Agreements (JPAs).	Approve Governor's Budget Trailer Bill Language.	

D. Governor's Education Agreement -- Deficit Reduction

Item	Issue	Description	Staff Recommendation	BBL/TB
6110-601 0001 & 6110-608-0001	<i>April Finance Letter: Increase Funding to Reduce Revenue Limit Deficit Factor (Issue 051)</i>	April Finance Letter increases funding by \$270.0 million to reduce the deficit factor applied to school district and county office of education revenue limits. It is estimated that these adjustments will reduce the 2003-04 base deficit factor from approximately 1.2 percent to approximately .3 percent. This change will be made through trailer bill language.	Approve April Finance Letter. Adopt Governor's Trailer Bill language.	Governor proposes TB to conform to partially restore deficit reduction and extend deficit factor language through 2005-06.

E. Governor's Education Agreement -- Equalization

Item	Issue	Description	Staff Recommendation	BBL/TB
6110-601-0001	<i>May Revise Finance Letter: Increase Funding for Revenue Limit Equalization (Issue 077)</i>	May Revision increases equalization funding by \$27.7 million above the \$82.2 million proposed by the April Finance Letter. The Governor's May Revision proposal brings equalization funding to a total of \$110 million in 2004-05, which is the same as the Governor's January Budget. Equalization funds would be allocated pursuant to legislation (SB 1298/Brulte).	Deny May Revision & Governor's Budget.	TB SB 1298 (Brulte)

F. Governor's Education Agreement -- Instructional Materials & Deferred Maint

Item	Issue	Description	Staff Recommendation	BBL/TB
6110-189-0001	<i>May Revise Letter: Partial Restoration of Instructional Materials Block Grant Funds (Issue 674)</i>	May Revision augments funding for instructional materials by \$100 million, and continues to shift another \$175 million in existing instructional materials funding to revenue limits as a part of the Governor's proposed categorical reform proposal. The augmentation partially restores the \$188 million that was proposed by the Governor in January and subsequently eliminated by an April Finance Letter.	Revise May Revision to add \$85.0 million for Instructional Materials. Adopt language to direct the additional \$85.0 million to schools in the lowest two deciles of the API.	
6110-188-0001	<i>May Revise Letter: Partial Restoration of Deferred Maintenance Program Funding (Issue 664)</i>	May Revision augments funding for deferred maintenance by \$107.1 million, bringing total funding for the program to \$184.1 million in 2004-05. The January budget originally proposed \$250 million.	Revise May Revision to add \$66.2 million for Deferred Maintenance.	

G. Governor's Education Agreement -- Growth & COLA - General Fund (Pro

Item	Issue	Description	Staff Recommendation	BBL/TB
Various Items	<i>May Revision Finance Letter: K-12 Growth Adjustments, Local Assistance(Various Issues)</i>	May Revision includes a decrease of \$110,280,000 as a result of the less than anticipated growth in average daily attendance for revenue limit and categorical programs. January Budget growth estimates of 1.02 percent have dropped to 0.95 percent. Includes programs that receive statutory and discretionary growth. See attached chart.	Approve May Revision.	
Various Items	<i>May Revision Finance Letter: K-12 Cost-of-Living Adjustment (COLAs) for Local Assistance Programs. (Various Issues)</i>	May Revision includes an augmentation of \$253,214,000 associated with an increase in the COLA rate for K-12 revenue limit and categorical programs from 1.84 percent to 2.41 percent. Includes funding for programs that receive statutory and discretionary COLAs.	Approve May Revision.	
6110-202-0001	<i>May Revision Finance Letter: Growth and Cost-of-Living Adjustments for Child Nutrition Programs. (Issue 741 & 742)</i>	May Revision increases funding for Child Nutrition programs by a total of \$353,000, which provides a 0.95 percent increase for growth (\$99,000) and a 2.41 percent increase for COLA (\$254,000).	Approve May Revision.	
6110-202-0001	<i>May Revision Finance Letter: Increase Growth & COLA Funding for Child Nutrition Programs (Issues 741 & 742)</i>	May Revision increases funding for Child Nutrition programs by \$353,000 to provide a growth adjustment of 0.95 percent (\$99,000) and a COLA factor of 2.41 percent (\$254,000).	Approve May Revision.	

G. Governor's Education Agreement -- Growth & COLA - General Fund (Proposed) continued

Item	Issue	Description	Staff Recommendation	BBL/TB
6110-232-0001	<i>May Revision Finance Letter: No Additional COLA Funding for High School Class Size Reduction Program (Issue 001)</i>	May Revision provides no change in funding for the 2.41 percent COLA due to a decrease in program participation. The per-pupil funding rate for the program is adjusted from \$183 to \$184 to reflect the COLA change.	Approve May Revision.	
6110-234-0001	<i>May Revision Finance Letter: No Change in Funding for K-3 Class Size Reduction program. (Issue 001)</i>	May Revision provides no change in funding for the 2.41 percent COLA due to a decrease in program participation. The per-pupil funding rate for the Option One program is adjusted from \$923 to \$928 and for Option Two from \$461 to \$464 to reflect the COLA change.	Approve May Revision.	

H. Basic Aid

Item	Issue	Description	Staff Recommendation	BBL/TB
6110-609-0001 & Control Section 12.75	<i>May Revision: Reduction Basic Aid District Categorical Programs</i>	May Revision reduces funding by \$2.6 million for Basic Aid districts from Proposition 98 categorical funds appropriated in this act that would otherwise be allocated to basic aid school districts, in accordance with legislation enacted prior to January 1, 2005. Funding reductions are commensurate with 0.323 percent deficit to district revenue limits. The LAO estimates the savings to equal \$3.3 million in 2004-05, using a somewhat different calculation than DOF.	Approve May Revision. Adopt Control Section 12.74 and Governor's budget trailer bill language.	Add Budget Control Section 12.75. Governor proposes budget trailer bill to conform to reduction.

I. Reappropriations of General Fund (Prop 98) Reversions

Item	Issue	Description	Staff Recommendation	BBL/TB
6110-485 and 6110-605-0001	May Revise Letter: Additional Appropriations from the Prop 98 Reversion Account (Issues 026, 027, 028, 029, 071, 349, 659, and 680)	May Revision adds two, one-time appropriations from the Proposition 98 Reversion Account. (1) \$95.1 million augmentation for K-4 school library materials; (2) \$7.7 million augmentation to continue the Charter School Facilities Grant Program one more year. The Governor's January Budget provided \$4.2 million for school libraries and proposed to eliminate funding for the Charter Schools Facilities Grant program.	Approve May Revision to provide \$7.7 million for the Charter Schools Facilities Grant program. Revise May Revision to provide \$25.0 million for school library materials and \$500,000 for the electronic learning assessment resources review (see item below).	
6110-113-0890	<i>Legislative Proposal; Funding for CDE Review of Electronic Assessment Resources</i>	Requests \$500,000 in Proposition 98 Reversion funds for a CDE review of electronic assessment resources to assist school districts to utilize existing assessment data to directly address curriculum strategies, target pupil instruction and analyze data. Funding would be authorized pursuant to pending legislation.	Approve \$500,000 from Proposition 98 Reversion Funds -- conforms to recommendation above.	TB

I. Reappropriations of General Fund (Prop 98) Reversions - continued

Item	Issue	Description	Staff Recommendation	BBL/TB
6110-485 and 6110-605-0001	<i>Governor's Budget: Appropriations from the Prop 98 Reversion Account</i>	The Governor's 2004-05 budget also proposes using \$144.4 million in one-time Proposition 98 Reversion Account funds to restore funding for some programs subject to deferred appropriations schedules. Of this amount, \$98.1 million fully restores funding for the Targeted Instructional Improvement Grant program, which was deferred from 2003-04 to 2004-05, and \$46.3 million partially restores appropriations from the School Safety Program that were deferred from 2004-05 to 2005-06.	Approve Governor's Budget.	

J. Assessment (General Funds & Federal Funds)

Item	Issue	Description	Staff Recommendation	BBL/TB
6110-113-0001	<i>May Revision Finance Letter: Increase General Funds for High School Exit Exam (Issue 164)</i>	May Revision increases funding by \$127,000 for an additional 1,494 pupils to take the California High School Exit Exam.	Approve May Revision.	
6110-113-0890	<i>May Revision Finance Letter: Increase Federal Funding for Assessment Review and Reporting (Issue 167)</i>	May Revision increases federal Title VI funding by \$200,000 for analyses of the STAR, CAHSEE, CELDT assessments and for other reporting purposes under NCLB.	Approve May Revision.	
6110-113-0890	<i>May Revision Finance Letter: Provide Carryover Authority for Federal Funds for CSIS Program (Issue 183)</i>	May Revision increases item by \$721,000 to provide one-time carryover authority for the California School Information Services (CSIS) program to reimburse districts for the issuance of student identifiers. The carryover authority will allow them to complete all remaining identifiers in 2004-05.	Approve May Revision.	Conforming provisional language.
6110-113-0890	<i>April Finance Letter: Federal Funds Adjustments for State Assessments</i>	April Finance Letter makes the following adjustments:	See Below:	

	Issue 152	California English Language Development Test Contract —Increases funding by \$563,000 for the purpose of making a technical adjustment to align program funding with current contract requirements. This request would restore the funding level to fully fund the contract for this program.	Approve April Finance Letter	Conforming provisional language.
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J. Assessment (General Funds & Federal Funds) - continued

Item	Issue	Description	Staff Recommendation	BBL/TB
	Issue 153	California English Language Development Test Apportionment —Increases funding by \$2,493,000 for apportionment funding to accommodate the additional 498,600 pupils projected to take the California English Language Development Test in 2004-05.	Approve April Finance Letter	
	Issue 155	Standardized Testing and Reporting (STAR) Item Development —Increases funding by \$535,000 to ensure there are sufficient test items for the STAR exam. CDE will begin to publicly release 25 percent of the test items used in the most recent California Standards Tests, requiring the continuous development of new items.	Approve April Finance Letter	Conforming provisional language.
	Issue 156	STAR Restoration Funds —Increases funding by \$450,000 to restore STAR pre-test workshops and the STAR Technical Assistance Center that was reduced as part of the General Fund unallocated reduction to the various testing programs in 2003-04.	Approve April Finance Letter	

J. Assessment (General Funds & Federal Funds) - continued

Item	Issue	Description	Staff Recommendation	BBL/TB
	Issue 179	Local Assistance for the California School Information Services (CSIS) —Increases funding by \$2,246,000 to provide \$1,947,000 for the first of two years of funding for local implementation costs of a new CSIS cohort and \$299,000 for CSIS central operations for hardware and software to accommodate the new cohort.	Deny April Letter.	Conforming provisional language.
6110-113-0001 & 6110-113-0890	<i>CDE Proposal: Swap State and Federal Funding for the CELDT Assessment</i>	CDE requests language to switch funding for the CELDT assessment between state and federal budget items in order to assure the timely expenditure of federal funds. There is no impact on the amount of funding available for CELDT.	Approve CDE request.	

K. Child Nutrition -- Federal Funds

Item	Issue	Description	Staff Recommendation	BBL/TB
6110-001-0001	<i>CDE Proposal: Increased Federal Funding and Positions for Child Nutrition State Operations</i>	The Department of Education has requested authority to spend \$1.942 million in new and existing federal funds in 2004-05 to expand state administrative activities for its federal nutrition programs. As a part of this request, CDE is requesting approval of 15 additional positions in the Nutrition Services Division to improve state-level monitoring and technical assistance to local agencies participating in federal child nutrition programs in 2004-05. California will receive approximately \$1.6 billion in federal funding from USDA for these child nutrition programs in 2004-05.	Approve CDE requests for \$1.9 million and 15 positions.	

L. Deferrals

Item	Issue	Description	Staff Recommendation	BBL/TB
??	<i>May Revise Finance Letter: Increases Current Year Prop 98 Funds to Buyout and Reduction Continuing Apportionment Deferrals</i>	May Revise increases 2003-04 funding by \$270 million to buy-out deferrals of principal apportionment payments commenced in 2002-03 to achieve budget savings in that year. The Governor proposes to increase the Proposition 98 Guarantee by \$270 million in 2003-04 and to expend increased funds to reduce ongoing deferrals of revenue limit and categorical programs.	Approve May Revision. Approve Governor's trailer bill language.	Governor proposes trailer bill language to use additional Prop 98 funds in 2003-04 to buyout P2 deferrals.
Various Items	<i>Governor's Budget: Continues P-2 Apportionment Deferrals in 2004-05.</i>	In 2004-05, the Governor proposes to continue the deferral of most of the second principal (P2) apportionments (revenue limits and categorical programs) that were first deferred in the 2003-04 as a budget savings measure. There is strong agreement among CDE, DOF and LAO that there are problems with the P2 apportionment deferral process that need to be corrected in trailer bill language. These problems stem from the difficulty in utilizing revenue limit apportionments to meet a specific budget target.	Approve Governor's Budget. Adopt Governor's trailer bill language.	Governor proposes budget trailer bill to revise P2 deferrals mechanism to match an amount certain in the budget.

M. Continuous Appropriations -- Local Government Agreement

Item	Issue	Description	Staff Recommendation	BBL/TB
6110-601-0986	<i>May Revision: Local Government Allocation (Issue 333)</i>	May Revision reduces property tax allocations by \$3,393,428,000 to reflect adjustments to the estimated property tax revenue allocated to K-12 districts.	Conform to Legislative Action on Local Government Finance	
6110-602-0986	<i>May Revision: Local Government Allocation (Issue 333)</i>	May Revision reduces property tax allocations by \$53,293,000 to reflect adjustments to the estimated property tax revenue allocated to county offices of education.	Conform to Legislative Action on Local Government Finance	
6110-603-0986	<i>May Revision: Local Government Allocation (Issue 333)</i>	May Revision reduces property tax allocations by \$47,311,000 to reflect adjustments to the estimated property tax revenue allocated to special education programs.	Conform to Legislative Action on Local Government Finance	
6110-608-0001	<i>May Revision: Local Government Allocation -- County Offices of Education (Issue 332)</i>	May Revision increases property tax allocations by \$53,293,000 to offset changes to local property tax allocations to county offices of education.	Conform to Legislative Action on Local Government Finance	
6110-608-0001	<i>May Revision: Local Government Allocation -- School Districts (Issue 073)</i>	May Revision increases property tax allocations by \$3,393,428,000 to offset changes to local property tax allocations to school districts.	Conform to Legislative Action on Local Government Finance	

N. Continuous Appropriations -- Current Year

Item	Issue	Description	Staff Recommendation	BBL/TB
6110-610-0001	<i>May Revision: Adjustments to County Office of Education Apportionments -- Current Year. (Issues 332 & 342)</i>	May Revision decreases item by a total of \$1,227,000 and reflects a decrease of \$12,220,000 for baseline changes to local property tax estimates and an increase of \$10,993,000 for revised growth estimates.	Approve May Revision.	
6110-608-0001	<i>May Revision: Adjustments to School District Apportionments -- Current Year. (Issues 066 & 075)</i>	May Revision: Adjustments to School District Apportionments reflects an increase of \$34,482, 000 in revised local revenue offsets, which is offset by a decrease of \$76,884,000 due to revised estimates of ADA, costs of the PERS offset, UI reimbursements and other changes. The total change nets to a decrease in General Fund commitments of \$42,402,000.	Approve May Revision.	

O. Open Issues

Item	Issue	Description	Staff Recommendation	BBL/TB
1. Charter Schools -- Categorical Block Grant Language				
Budget Bill/Trailer Bill Language	LAO Proposal: Budget Bill and/or Trailer Bill Language-- Categorical Programs in Charter School Block Grant	LAO proposes language to clarify the categorical programs that are included in the Charter Schools Block Grant.	Approve LAO trailer bill language.	
2. Emergency Loan - General Fund (Non-98)				
6110-625-0001	May Revision Finance Letter: Reimburse General Fund for Emergency Loan Repayments (Issue 055)	May Revision would reimburse General Fund for loan repayments of \$167,127,000 to reflect a new proposal to issue lease-revenue bonds through the State Infrastructure Bank. These new bonds would repay the General Fund for outlays for school district emergency loans in the Oakland USD, West Contra Costa USD and Vallejo City USD (pending). This proposal will be implemented pursuant to pending legislation.	Approve General Fund savings in 2004-05 per the Governor's proposal, but refer trailer bill language to policy committee.	DOF developing trailer bill to implement.

O. Open Issues - Continued

Item	Issue	Description	Staff Recommendation	BBL/TB
3. Special Education -- General Funds and Federal Funds				
6110-161-0890	<i>May Revision Finance Letter: Increased Federal Special Education Funding (Issue 201 and 204)</i>	May Revision increases funding authority by \$63,673,000 to reflect an increase in the federal IDEA -Part B grant in 2004-05. Of these funds, \$31.0 million are passed through to provide additional funding for mental health services subject to legislation.	Approve May Revision.	TB & Conforming provisional language
6110-161-0001	Issue 215	Adds provisional language to specify pass through of federal IDEA funds to be used to provide \$31.0 million for special education mental health services pursuant to legislation.	Approve May Revision. Adopt LAO recommendation to shift \$400,000 of the funds appropriated for LCI/NPS formula to the Extraordinary Cost Pool.	TB & Conforming provisional language.

O. Open Issues - Continued

Item	Issue	Description	Staff Recommendation	BBL/TB
4. Title I -- Reading First Program (Federal Funds)				
6110-126-0890	<i>May Revision Finance Letter: Increased Carryover Authority for Federal Reading First Program (Issue 182)</i>	May Revision provides an increase of \$29.0 million, which includes a reduction of \$578,000 to align with estimated grant levels and \$29.6 million in one-time carryover funds. Carryover funds will be used to increase teachers grants to \$8,000 (from \$6,500) for teachers that agree to provide diagnostic reading assessments and remedial reading instruction to lower the number of special education referrals for students who are reading below grade level. Funds will also be used to expand Reading First grants. This Governor's January Budget provides \$145.2 million in ongoing funding for the program.	Approve May Revision.	Conforming provisional language.
5. Title I -- Comprehensive School Improvement Program (Federal Fund)				
6110-123-0890	<i>May Revision Finance Letter: Increased Funding Authority for Federal Comprehensive School Reform program. (Issue 157)</i>	May Revision provides increased federal funding of \$32.7 million for the Comprehensive School Reform program. This increases funding for the program to \$42.7 million, which will be available pursuant to legislation regarding the Comprehensive School Reform Program.	Approve May Revision with corrections to reflect available funds.	TB & Conforming provisional language.

P. Budget Trailer Bill Language & Control Sections

Item	Issue	Description	Staff Recommendation	BBL/TB
	In Lieu Language			
	Kindergarten Readiness			

Q. Other Issues

Item	Issue	Description	Staff Recommendation	BBL/TB
6110	Legislative Request -- General Fund, State Operations -- One-Time Funding for Human Rights and Genocide Curriculum	Request to provide \$250,000 for the purpose of having CDE distribute a model curriculum regarding the issue of human rights and genocide. The model curriculum on human rights and genocide covers by grade level various curriculum strands in the areas of Human Rights and Genocide including the Armenian, Ukrainian, Jewish, Polish, Argentine, Cambodian, South African genocide and/or human rights violations. Also included in the model curriculum are broader strands covering human rights. The last budget appropriation for this model curriculum was in the 1999-2000 State Budget for a reprint of the document (not distribution).		Adopt proposed trailer bill language to conform to action.
Trailer Bill Language	Legislative Request -- Trailer Bill Language to Require DOF to Refinance Emergency Loan Upon Request of the District	Request to adopt trailer bill language to amend Section 414714 of the Education Code to require DOF to refinance (currently law is permissive) an emergency loan upon request of the district.		Adopt proposed trailer bill language to conform to action.

Q. Other Issues - continued

Item	Issue	Description	Staff Recommendation	BBL/TB
Various Budget Items	Senate Request: Proposition 98 Balancer	Appropriates Proposition 98 funds that : (1) are within the amount available under the Governor's Budget in 2004-05, and (2) have not been appropriated for other purposes by Subcommittee #1, and use these funds to augment funding for the High Priority Schools program for schools in Decile 2.		